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PROGRAMME PLANNING AND IMPLEMENTATION

National execution and agency support costs

Report of the Administrator

SUMMARY

The present document contains a progress report on the implementation of Governing Council decisions 91/32 of 25 June 1991 and 92/22 of 26 May 1992 on agency support cost arrangements. The report includes information on the status of the financial provisions for the new arrangements; implementation of the 1992-1993 work plan and preparation of the 1994-1995 work plan for the TSS-1 facility; status of the TSS-2 facility; some issues relating to the smaller technical agencies; and monitoring and evaluation of the new arrangements.

INTRODUCTION

1. The present document contains a progress report on the status of implementation of decision 91/32 of 25 June 1991, which sets out the legislative framework for the implementation of the successor arrangements for agency support costs. In addition, as requested in paragraph 27 of decision 92/22 of 26 May 1992 on national execution and agency support costs, the report also includes information on the implementation of that decision.

I. STATUS OF IMPLEMENTATION OF THE NEW SUPPORT COST ARRANGEMENTS

2. As reported to the Governing Council at its thirty-ninth session in document DP/1992/23, the new support cost arrangements went into effect as of 1 January 1992. However, decision 91/32 also provided for delaying the start of the new arrangements until 30 June 1992, or until a target of $500 million of approvals against the resources of the fifth cycle for the United Nations specialized agencies subject to the new regime had been reached, whichever occurred earlier. Similar targets with respect to projects for other agencies had also been established. These targets were conceived as a transitionary measure providing the agencies concerned with a stock of budgets to which the old arrangements would continue to apply while the new arrangements were phased in. Additionally, and by collective agreement between UNDP and the agencies, UNDP field offices were provided the flexibility, as a matter of operational convenience, to continue to apply the old arrangements to those projects that already had reached an advanced stage in the formulation/appraisal process by 1 January 1992. As a result of these measures, a level of $660 million of project budgets have been approved under the old arrangements, thus providing an increased level of transitionary protection to the agencies concerned. Since 1 July 1992, all projects have been subject, on a mandatory basis, to the new arrangements.

3. As the Governing Council was informed last year, detailed guidelines for the determination of execution and implementation arrangements and for the new arrangements for agency support costs had been worked out jointly with the agencies and are currently in force in the field. The Council had taken note of these guidelines in decision 92/22 of 26 May 1992 and had further provided certain clarifications. Also, several improvements and refinements to the procedures have emerged upon field testing of these guidelines. Accordingly, a first revision to the guidelines incorporating these improvements as well as the clarifications provided by the Council was issued in October 1992. It is planned to continue field testing of these guidelines for an additional period of time in 1993, at the conclusion of which it is expected that they will be incorporated in the Programme and Projects Manual (PPM) of UNDP.

II. TRAINING PROGRAMMES IN THE APPLICATION OF THE NEW ARRANGEMENTS

4. In recognition of the importance, complexity and far-reaching nature of the new arrangements, UNDP and the agencies considered it essential that operational personnel in the field be fully trained in the use of the new facilities available under these arrangements. Also, in paragraph 25 of decision 92/22, the Governing Council requested the Administrator to continue to expedite integrated training activities for concerned government, UNDP and agency personnel in the working of the new arrangements. For this purpose, the Council also authorized the Administrator to use available funds within the overall provision of resources for support cost arrangements as set out in annex I of decision 91/32.

5. Accordingly, a series of training workshops designed with professional assistance and with the active collaboration of the agencies has now been carried out in the field. The workshops were a tripartite exercise in which field representatives from Governments, agencies and UNDP participated. It was designed as a "train the trainers" course, in which the participants undergoing the training were expected to return to their countries and carry out further training programmes on their own at the country level. In this manner, it was hoped that by training a relatively limited number of practitioners, a far larger target audience would eventually be reached.

6. Twelve subregional workshops and nine national workshops were carried out in the field from October 1992 to February 1993. These were attended by over 600 field personnel, consisting roughly of 270 UNDP staff, 150 government officials and over 180 agency personnel. The workshops were conducted by teams of trainers drawn from both UNDP and the agencies, with most of the latter drawn from the core group that has worked on the development of the new arrangements in the last two years.

7. The self-evaluations conducted at the conclusion of each workshop have judged them effective. The level of understanding of, and commitment to, the new arrangements on the part of field personnel appear to have increased significantly despite the varying levels of preparation of the participants and the perceived complexity of the new arrangements. There has also been considerable appreciation of the tripartite nature of the workshops, which many participants recommended should become a model for such training programmes in the future. It also appears to have helped generate a team spirit among the three partners, which is considered by many to be a very rewarding aspect of the training. There has also emerged a clearer recognition of the opportunities and flexibilities provided under the new arrangements and particularly of the support services provided by the agencies. Participants also made several recommendations for simplifications and improvements in the arrangements which, as stated in paragraph 3 above, will be reflected in revised guidelines in due course.

8. It has been recognized, however, that there is a considerable need to follow up these workshops with country-level training activities. While such training programmes at the country level will be carried out by staff already trained, it is intended that UNDP and the agencies will continue to provide support to these activities.

III. STATUS OF FINANCIAL PROVISIONS

9. In paragraph 33 of decision 91/32, the Governing Council requested that information on the status of the authorized financial provisions for the new support cost arrangements be included in the present report. In doing so, it is necessary to review the status of the programme build-up for the fifth cycle as well as carry out an analysis of programme approvals under various execution and implementation arrangements. It may be noted that the financial provisions approved by the Council in decision 91/32 were based on assumptions relating to the percentage of programmable resources likely to be implemented by various implementing agencies in the fifth cycle, as well as on historical patterns of programme build-up during the five years of a programming cycle. As reported last year in the report on support cost arrangements (section IV of DP/1992/23), and as noted by the Council in paragraph 10 of decision 92/22, adjustments to the individual components of the financial provisions have become necessary. These adjustments are discussed in this section.

A. Status of resources for the fifth cycle

10. The status of resources and programmes for the fifth programming cycle is described in detail in the report of the Administrator on matters relating to programming cycle (DP/1993/21). As stated in section II of that report, there has been a considerable erosion in the outlook for resources for 1993 and future years because of a significant reduction in contributions by some major donors as well as losses attributable to the strengthening of the dollar vis-à-vis the currencies of other major donors. Estimates of contributions for 1993 currently amount to $930 million, which represents a decline of $143 million, or 13 per cent, from 1992. Based on this decline, as well as on current estimates of contributions for the remaining years of the fifth cycle, it appears that the target for annual increases in contributions of 8 per cent assumed in decision 90/34 of 23 June 1990 is unlikely to be achieved. As a result, the indicative planning figures (IPFs) for the fifth cycle, which were established in line with these assumptions, may not be fully financed. Additionally, the balance of liquid resources which had accumulated in the fourth cycle because of excesses of income over expenditures during the 1983-1988 period are expected to be drawn down to nearly zero at the end of 1995. Taking all these factors into consideration, and following a detailed review, the Administrator has decided, in the interests of prudent financial planning, to establish a revised planning framework for the fifth cycle. Accordingly, he has informed UNDP field offices that programme planning at the country level should be carried out under the assumption that only 75 per cent of the established IPFs would be available for the cycle. Additionally, he has established revised expenditure targets for 1993 and 1994 of $640 million and $590 million respectively, in order that the resulting cash outflows are in balance with cash inflows during these two years. This is in contrast with actual IPF expenditures in 1991 and 1992 of $869 million and $727 million respectively.

B. Status of project approvals for the fifth cycle

11. The resource constraints and reductions in expenditure targets described above have understandably had an impact on approvals during 1992 and 1993. Total project approvals (new projects and revisions to ongoing projects) approved in 1992, the first year of the fifth cycle, amounted to $570 million as compared with $900 million approved in 1987, the first year of the fourth cycle. However, as explained in paragraphs 8 and 9 of DP/1993/21, considerable efforts had been undertaken in the fourth cycle to achieve a high level of programme build-up and to enhance the capacity of the United Nations system to deliver an increased level of programme expenditures. A measure of that build-up is reflected in the fact that IPF project budgets approved at the beginning of the fourth cycle amounted to $850 million against fourth cycle resources, whereas almost $1.2 billion had been approved at the beginning of the fifth cycle against projected fifth cycle resources. Thus, total project budgets approved at the end of 1992 amounted to approximately $1.75 billion, which is about the same level as had been approved at the end of 1987. Moreover, budgets approved at the end of 1992 represent almost 53 per cent of the resources assumed to be available for the fifth cycle, calculated at the planning level of 75 per cent. In contrast, at the same point in the fourth cycle, only 51 per cent of the fourth cycle IPFs had been approved. It is therefore the view of the Administrator that the programme build-up achieved so far in the fifth cycle is commensurate with available and projected resources.

12. Table 1 presents a summary of the total programme budgets approved so far against the fifth cycle resources under various types of execution arrangements. As discussed in paragraph 2 above, IPF projects approved under the old arrangements amounted to almost $1.5 billion, of which $660 million related to the five agencies subject to the new regime of support costs. Activities approved under the new regime during the period 1 July 1992 to 31 March 1993 amounted to $361 million, of which those relating to the five agencies amounted to $70 million.

C. Estimate of activities likely to be implemented under various arrangements

13. It is apparent from an analysis of the approval of new projects over the last several years that there has been a change in the pattern of execution arrangements in recent years, as stated in paragraph 9 above. New projects approved for national execution as a percentage of all new approvals amounted to 30 per cent in 1991 and 37 per cent in 1992. This trend is expected to accelerate in 1993 and future years. Approval of new projects for execution by the agencies has correspondingly declined progressively during the fourth cycle. Approval of new projects assigned for execution by the five agencies amounted to 35 per cent in 1991 and 32 per cent in 1992.

14. Preliminary data also indicate that agency implementation of nationally executed projects has increased significantly over the fourth cycle. While this trend needs to be confirmed, it has been estimated that over 30 per cent of activities under nationally executed projects would be entrusted to the agencies for implementation. This compares with 15 per cent in the fourth cycle.

15. Based on these trends in execution arrangements and on the programme build-up so far in the fifth cycle, an estimate of the activities to be approved during the rest of the cycle under various execution arrangements has been made. These are shown in section 4 of table 1. This table assumes that 40 per cent of all new approvals of IPF-financed activities will be assigned for national execution; 30 per cent for execution by the five agencies subject to the new regime; 10 per cent for execution by the Office for Project Services (OPS); and 20 per cent for execution by all other agencies combined together. It also assumes, as stated in paragraph 14 above, that 30 per cent of nationally executed projects will be assigned to agencies for implementation. It may be noted from this table that 63 per cent of the resources projected to be available for the fifth cycle have already been approved, including 51 per cent under the old arrangements and 12 per cent under the new arrangements.

D. Provision for nationally implemented projects approved before 1 January 1992

16. As part of the transition arrangements (discussed in paragraph 2 of this report), the Governing Council had provided, in paragraph 16 of decision 91/32, that in respect of the first $140 million of nationally implemented projects approved for the fifth programming cycle resources, 10 per cent of the value of these projects shall be added to the relevant IPF sub-lines. An amount of $17 million had been earmarked for this purpose, to be financed from unutilized resources carried over from the support cost line of the fourth programming cycle.

17. As pointed out in table 1, section 2, however, nationally executed projects approved under the old arrangements amounted to $304 million, far exceeding $140 million originally estimated. It has thus been necessary to identify the first "$140 million of nationally implemented projects", for which this provision would be applicable. This process of identification of such projects, in chronological sequence of the date of their approval, has proven to be operationally difficult and the selection inherently arbitrary.

18. Additionally, an earlier decision of the Governing Council (decision 90/21 of 22 June 1990, para. 7) had specified that IPF add-on would continue to be paid for nationally executed projects approved before the end of the fourth programming cycle, leading several Governments and UNDP field offices to continue planning utilization of such add-on resources for an interim period in the fifth cycle. The non-availability of the IPF add-on, in line with decision 91/32, has introduced an additional element of operational uncertainty and complexity to this process.

19. Taking these factors into consideration, the Administrator proposes that the intent of paragraph 16 of decision 91/32 would be better served if, instead of adding the specified resources to the IPF sub-line, the provisions of the IPF add-on legislation continue for one more year. Thus, he intends to provide 13 per cent of 1992 project expenditures relating to nationally executed projects approved before 1 January 1992 as an add-on to the IPFs of the countries concerned. The resulting add-on earned in respect of these projects are estimated to be approximately $17 million, an amount equal to the provision made in decision 91/32 (line 2 of annex B). This solution is therefore "cost

neutral" in that no additional resources, other than those already provided for in decision 91/32, are called for. As a result, 1992 would be the last year for which the IPF add-on provisions would be applied. From 1993 onwards, the provisions of decision 91/32 relating to the IPF sub-line would be applicable for these projects.

E. Estimate of flow of support cost resources

20. Based on the updated estimates of activities likely to be implemented under various implementation arrangements shown in table 1, the projected flow of support cost resources from UNDP to the agencies in the fifth cycle has been recomputed. These estimates are shown in table 2. The estimates under technical support services are explained further under section IV and section V below. As this table shows, under these assumptions approximately $260 million is expected to become available to the five agencies subject to the new regime, $54 million to OPS and $99 million for all other agencies combined. It is also estimated that in the aggregate approximately $43 million will become available to developing countries as savings from the IPF sub-lines.

21. Table 3 provides a summary of the current status of the various financial provisions for support cost arrangements in the fifth cycle and, for comparison purposes, the original provisions approved in decision 91/32. It will be noted that the current estimate of resources necessary to finance the new support cost arrangements amounts to $473 million, which represents a reduction of approximately 25 per cent from the originally established amount of $627 million.

22. Finally, concern has been expressed by the agencies over a slow-down in new project approvals in the fifth programming cycle, the consequent impact on the effective implementation of the new arrangements and the reduction in the flow of support cost resources to the agencies. Indeed, it appears that field personnel are currently ready and fully capable of applying the new arrangements effectively following the completion of an extensive training programme in the working of the new arrangements and the development of and improvements in operational mechanisms for the implementation of new systems. Unfortunately, however, these developments coincide with the decline of resources in the fifth programming cycle and the consequent likelihood that there would be a lower level of approval of new projects to which the new arrangements can be applied. The Administrator shares the concern that the reduction in resources may constrain the full and effective implementation of the legislation on support costs and thereby compromise the achievement of the objectives established by the Council in paragraph 1 of decision 91/32.

IV. TECHNICAL SUPPORT SERVICES AT THE PROGRAMME LEVEL (TSS-1)

A. Implementation of TSS-1 work programme for the 1992-1993 biennium

23. As reported last year in DP/1992/23, a work programme for the 1992-1993 biennium was prepared jointly by UNDP and the agencies concerned and submitted to the Council, in accordance with the provisions of decision 91/32 (annex IV). This work programme was approved by the Council in its decision 92/22. The total amount allocated for this period amounted to $25 million out of an earmarking of $64 million established for this purpose. The amounts allocated by agencies were as follows: Food and Agriculture Organization of the United Nations (FAO), $7 million; the United Nations, $4.7 million; United Nations Industrial Development Organization (UNIDO), $4.9 million; International Labour Organisation (ILO), $5.2 million; and United Nations Educational, Scientific and Cultural Organization (UNESCO), $3.1 million.

24. The implementation of the approved work plan is now fully under way and approximately $4 million out of the total allocation of $25 million had been disbursed as of 31 December 1992. While agencies have not yet provided progress reports for 1992, preliminary data indicate that approximately 65 per cent of the activities have been completed or have reached an advanced stage of implementation; 25 per cent have not yet been initiated for a variety of reasons but are expected to be implemented during 1993; 10 per cent have either been cancelled, postponed and/or are being allocated to other activities in the programme. The TSS-1 activities are in general led by the technical staff of the agencies, though in some limited cases external consultants have been used to carry out specific studies. While the use of such external consultants has varied from agency to agency, overall approximately 20 per cent of the total work months have been delivered by them.

25. As a new and innovative facility, the formulation and implementation of the first TSS-1 work programme has, not surprisingly, required adaptation and adjustments to the agreed guidelines for the exercise. In response to unforeseen operational considerations which emerged during implementation, it has been necessary to devise practical solutions and amendments to the procedures. Examples of such operational considerations include the need in some cases to provide for such national project inputs as the use of national consultants; to revise procedures governing the clearance of experts for TSS-1 activities; and to establish procedures relating to the participation of multiple agencies in the implementation of intersectoral activities. It has been reported by agencies that some activities suffered from an initial underestimation of the required resources commensurate with the expected outputs and that these activities have been particularly subject to delays in implementation as increased funding had to be obtained and/or activities redesigned. Also, the work programme consists of too many small activities which detract from a critical mass being formed in the use of the TSS-1 facility. It has been suggested by the agencies that a greater concentration of activities be aimed for in future work programmes.

26. Initial feedback during implementation of this TSS-1 work programme has been very positive. There has been a greater recognition and appreciation of the strategic purposes for which the TSS-1 facility can be utilized. Indeed,

important uses to which TSS-1 financing are currently applied or proposed to be used include, inter alia, support to the development of country strategies and integrated programmes; provision of sectoral and subsectoral policy advice to Governments; and agency support to the donor coordination and resource mobilization efforts of UNDP at the country level. It is intended that more specific information on the substantive content and progress made with the implementation of the 1992-1993 work programme will be provided during the fortieth session of the Governing Council.

B. Preparation of TSS-1 work programme for the 1994-1995 biennium

27. The work plan for the 1994-1995 biennium is currently under preparation. The guidelines originally proposed by the Governing Council in decision 91/32, and as modified by decision 92/22, require the provision of a work plan to the Governing Council for information at the session preceding the start of that biennium. It was the underlying premise of the guidelines that the TSS-1 facility would be used to stimulate and leverage agency regular and other programmes and therefore the timing of the preparation of the former should be synchronized with that of the latter. In practice, these considerations require that proposals for TSS-1 activities be developed at least a year before the start of implementation of the work programme.

28. Based on experience with the formulation of the TSS-1 programme in 1992, it has become evident that the proposed schedule poses several difficulties. First, it is considered impractical to identify priorities for TSS-1 financing one to two years before the two-year period in which the activities will be implemented, particularly in view of the changing priorities in various developing countries. Second, it is not considered practical to synchronize and/or otherwise link the TSS-1 programme with the country-specific activities of the agency regular programmes as the latter, at that time of their preparation, do not include such country specificity. It appears, therefore, that it will be more reasonable and useful in developing the TSS-1 programme to take into consideration the priorities and emphases of agency programmes rather than require the scheduling of one to be rigidly related to the other. Third, experience suggests that an extensive consultation process involving the Government, agencies and UNDP should precede the approval of the programme in order to achieve effective implementation subsequently. Indeed, the UNDP field offices and agencies have requested that a longer period be provided for the planning and formulation of the work programme for the 1994-1995 biennium, including consultations with the Government and agencies.

29. Taking these factors into consideration, the Administrator has established 30 June 1993 as the deadline for the submission of TSS-1 proposals for the next biennium. It is also intended that the process of formulation will begin in the field and be governed by the priorities and needs identified at the country level. This is in contrast with the process adopted last year, when because of shortness of time, agency headquarters were requested to provide a list of proposals as a starting point for the exercise. The review, appraisal and selection of proposals will be carried out in July 1993 and the approval completed by September 1993. The Administrator proposes, therefore, that the

finalized work programme be provided to the Council for information at its special session in February 1994.

V. TECHNICAL SUPPORT SERVICES AT THE PROJECT LEVEL (TSS-2)

30. The TSS-2 facility was established by the Governing Council, as stated in decision 91/32 (annex IV), for the purpose of increasing the quality of projects and to assist the Administrator in discharging his accountability by ensuring that technical support is available to all projects, irrespective of the arrangements for the delivery of administrative and operational support services. While the TSS-2 facility can be used at all stages of the project cycle, the principal target is expected to be technical support during implementation or technical backstopping, particularly in respect of nationally executed projects.

31. In managing the resources of the TSS-2 facility, the Administrator has made an initial allocation of $25 million to the resident representatives out of an earmarking of $60 million established by the Governing Council and has delegated to them the authority for the formulation and approval of TSS-2 budgets, in accordance with the established delegations for the approval of projects. Approval of TSS-2 budgets as of the end of March 1993 has amounted to $3.1 million. As the TSS-2 facility is, in principle, available only for projects approved under the new arrangements in the sectors of competence of the five agencies, this level of approved TSS-2 budgets is considered consistent with the total project budgets approved so far under the new arrangements in these sectors (table 1). Additionally, the field offices have been encouraged by both UNDP and the agencies to utilize the TSS-2 facility mainly for technical backstopping and only to a limited extent for project formulation as financing for the latter is usually available from other sources, including the Project Development Facility (PDF) and IPFs. The almost exclusive use of TSS-2 for technical backstopping may, at this stage, have limited the overall utilization of the TSS-2 facility.

32. The Administrator has, however, been concerned, in light of the rapid increase in nationally executed projects in recent years, that all measures shall be undertaken to adequately backstop and support such projects with technical support services. Accordingly, he has initiated a review in the field of all ongoing nationally executed projects, including those approved before 1 January 1992, in order to determine whether such technical support is required in these cases. This review is currently under way. Early indications are that, in some cases, TSS-2 budgets have been approved as a result of this exercise. In many more cases, however, it was determined that technical support had already been provided in the project budgets and TSS-2 funding was not considered necessary. Also, in the case of many projects already in an advance stage of implementation, it was considered operationally difficult and inappropriate to bring in a United Nations agency at a late stage. However, this exercise has proven to be useful in ensuring that the technical support requirements of nationally executed projects are properly assessed and provided for. It has also demonstrated the need for associating the specialized agencies in the development and implementation of such nationally executed projects at an early stage in the project cycle.

33. A review of the pipeline of projects shows that the need for technical support services to be financed from TSS-2 is now fully recognized by field personnel, particularly after the training programme referred to in section II above. Additionally, UNDP has initiated, jointly with agencies, measures by which the TSS-2 facility is appropriately used, as stated in paragraph 28 above, to associate the specialized agencies in UNDP-financed projects, in particular by increasing the use of the TSS-2 resources for project formulation purposes. It is expected, therefore, that approximately $20 million in TSS-2 financing will be approved by early 1994. Also, in line with the overall reduction in available and projected resources for programming in the fifth cycle, it is estimated that TSS-2 resources amounting to $42 million out of an earmarking of $60 million will be available for the fifth cycle. In addition, an amount of $17 million may be available under the earmarking of $20 million for technical support for national execution.

VI. ISSUES RELATING TO SMALLER TECHNICAL AGENCIES

34. In paragraph 3 of decision 91/32, the Governing Council invited the specialized agencies not currently part of the new support cost arrangements to consider the possibility of participating in the new regime in light of the experience gained. For this purpose, UNDP has maintained an ongoing discussion with these agencies on various aspects of the new arrangements.

35. In recent discussions, these agencies have expressed considerable concern at the significant decline in projects approved in the fifth cycle in the sectors represented by them and the consequent reduction in support cost reimbursements. In the case of some of these agencies, there has been a reduction of 50 per cent or more in projects approved for execution in the fifth cycle as compared with the fourth cycle. These agencies are concerned that if this trend continues there will be a serious erosion in the capacity of these agencies (which was built up over many years partly in response to the needs of UNDP-financed technical cooperation projects) to continue to provide support to developing countries.

36. It is recognized that the decline in the activities supported by these technical agencies can at least in part be attributed to the six areas of concentration specified by the Governing Council in decision 90/34, which emphasize, in the main, human development and capacity-building. While these emphases are set in the broader context of the total development effort, and therefore are not inconsistent with nor discourage assistance in the technical areas, in practice it appears that country programmes based on these areas of focus tend to concentrate on the social sectors. In fact, a review of the country programmes for the fifth cycle shows that only limited provision has been made for cooperation in the technical areas represented by these agencies.

37. The agencies have also pointed out that their lack of field representation has limited their ability to participate fully in the establishment of programming priorities and in the development of country programmes at the country level. At the same time, the very limited financing available under UNDP sectoral support earmarking does not permit these agencies to carry out an extensive series of sectoral and programme development consultations.

38. Several of these agencies have stated that they recognize that the new support cost arrangements offer some attractive features, including resources for technical support and for participation in upstream, policy-related areas. In particular, access to such facilities such as TSS-1 and TSS-2 would provide them an opportunity to participate in and provide technical support to Governments and UNDP in the implementation of nationally executed projects which have increased significantly in their sectors in recent years. For this purpose, some agencies have indicated an interest in exploring with UNDP the possibility of a modified support cost regime for them which would include these attractive features of the new arrangements while preserving the simplicity of the current arrangements. They emphasize that any such modified regime should take into account the limited scale but crucial technical character of their activities.

39. The Administrator shares the concerns of these agencies and will continue his consultations with them to develop proposals for consideration by the Governing Council at a future session. The objective of such proposals will be to ensure that the technical capacities, contributions and support of these agencies will continue to be available to developing countries.

VII. MONITORING AND EVALUATION

40. In paragraph 23 of decision 92/22, the Governing Council took note of the proposal of the Administrator regarding the monitoring and evaluation of national execution and support cost arrangements and requested him to develop detailed performance indicators reflecting the objective of the new arrangements as set out in decision 90/26 of 22 June 1990.

41. It is recognized that monitoring the implementation of the complex set of arrangements which governs the new support cost arrangements should be an ongoing and collaborative activity between the agencies and UNDP. To this end, UNDP has carried out frequent consultations with agencies on various aspects of the implementation of the new arrangements. Additionally, efforts have been undertaken to develop a series of interrelated performance indicators to assess progress made towards the achievement of the objectives established by the Governing Council. It should be noted, however, that the new support cost arrangements are only a part of a larger package of legislative and policy measures adopted by the Governing Council to achieve these objectives including, inter alia, new initiatives relating to more effective use of national execution, the adoption of a programme approach and a renewed emphasis on human development and capacity-building. Therefore, monitoring and evaluation of support cost arrangements, while limited to the implementation of these arrangements, should, however, take place in the context of the implementation of the entire package.

42. The performance indicators being developed can be classified under two broad categories and would include both quantitative measures which can be expressed in statistical data and qualitative measures which may not be so expressed. These categories and the indicators being considered under each of them are described in the following paragraphs.

43. The first category relates to execution and implementation arrangements and to the objectives established by the Council of facilitating assumption by Governments of the management of UNDP-financed programmes and of providing incentives for national execution. Other related objectives of the Council are to reflect the principles of tripartite partnership as a distinct characteristic of UNDP assistance; to reinforce the accountability of the Administrator and of the agencies providing support services; to seek to ensure cost efficiency, enhanced quality and greater openness and competitiveness in accessing and providing services; and to continue the principle of cost-sharing between UNDP and the agencies. Possible indicators and the information necessary to measure the achievement of these objectives are listed in the annex (category I).

44. The second category relates to technical support services and the objectives established by the Council of improving the technical focus of the agencies and minimizing the resources allocated for administrative and operational services (AOS). Taking into account the multiple sources from which technical support requirements can be financed, the possible indicators and the information necessary to measure the achievement of these objectives are listed in the annex (category II).

45. After agreement is reached on the specific indicators which should be monitored on an ongoing basis, it will be necessary for UNDP and the agencies to collaborate in collecting and updating information on these indicators as programmes are developed and implemented during the fifth cycle. At this time, the information systems of UNDP and the agencies are able to generate data on only some of the indicators. The existing information systems will need to be enhanced to record and process the new types of data which will need to be collected as a result of the introduction of the new arrangements. The organizations are in the process of introducing those enhancements and it is expected that UNDP will be able to report on them in 1994 and in future years.

46. Finally, an external independent evaluation of the new arrangements is scheduled to be carried out in 1994. The results of this evaluation will constitute a useful input for the mid-term review of the fifth programming cycle, also planned for 1994.

Table 1. Estimates of value of activities likely to be implemented by agencies

(Millions of dollars)

		IPF	SPR	Total	
1.	Available resources	2 943	220	3 163	
2.	Projects already approved under old regime (before 30 June 1992)	1 506	67	1 573	
	of which:				
	five agencies	660	6	666	
	OPS	190	39	229	
	National execution	304	15	318	
	Other agencies	352	8	360	a/
3.	Activities approved under new arrangements (30 June 1992-31 March 1993)	361	58	419	
	of which:				
	five agencies	70	5	75	
	OPS	15	37	52	
	National execution	190	7	197	
	Other agencies	86	9	95	b/
4.	Activities to be approved during rest of cycle (1993-1996)	1 076	95	1 171	
	of which:				
	five agencies	323	10	332	
	OPS	108	62	169	
	National execution	430	14	445	
	Other agencies	215	10	225	
5.	Activities likely to be implemented during the fifth cycle (sum of 2, 3 and 4 above)	2 943	220	3 163	
	of which:				
	five agencies	1 053	21	1 073	
	OPS	313	138	450	
	National execution	924	35	960	
	Other agencies	653	27	680	

a/ Of this amount, $190 million relates to the smaller technical agencies and $170 million to the World Bank, International Monetary Fund (IMF), regional economic commissions and regional development banks.

b/ Of this amount, $46 million relates to the smaller technical agencies and $49 million to the World Bank, IMF, regional economic commissions and regional development banks.

Table 2. Estimates of support cost income for the fifth cycle

	Five agencies	OPS	National execution	Other agencies	Total
Resources held centrally					
1. Support costs for transitionary projects	86.6	25.2	-	46.8	158.6
2. Provision for nationally implemented projects (approved before 1 January 1993)	-	-	17 a/	-	17 a/
3. Payments for agencies subject to current regime from central resources	-	-	-	6.7	6.7
4. Support costs for SPR-funded projects (excluding line 2)	1.5	9.9	-	1.9	13.2
5. Agency flexibility provisions	-	-	-	10.0	10.0
Technical support services					
6. TSS-1	64	-	-	-	64
7. TSS-2	42	-	-	-	42
8. Technical support for national execution	17	-	-	-	17
IPF sub-line resources					
9. AOS paid to external agents	48.6	18.5	-	33.2	100.3
Savings in IPF sub-line	-	-	43.4	-	43.4
Total	259.6	53.5	60.4	98.6	472.2

a/ This will be provided as IPF add-on.

Table 3. Status of financial provisions relating to programme support costs, fifth programming cycle, 1992-1996

	Financial provisions per decision 91/32	Current estimates
Resources held centrally		
1. Support costs for transitionary projects	109	159
2. Provision for nationally implemented projects (approved before 1 January 1993)	17 a/	17
3. Payments for agencies subject to current regime from central resources	18	7
4. Support costs for SPR-funded projects (excluding line 2)	23	13
5. Agency flexibility provisions	10	10
Technical support services		
6. TSS-1	64	64
7. TSS-2	60	42
8. Technical support for national execution	20	17
IPF sub-line resources		
9. Country and intercountry IPF sub-lines	323	144
Total	627 b/	473

a/ To be financed from unutilized resources carried over from the support cost line of the fourth programming cycle and therefore not included in the total.

b/ Excludes line 2.

Annex

PERFORMANCE INDICATORS AND INFORMATION REQUIRED FOR MONITORING IMPLEMENTATION OF NEW SUPPORT COST ARRANGEMENTS

Category I: Execution and implementation arrangements

(a) Growth in national execution expressed in number and value of projects, as well as by sector, country and other descriptors;

(b) Technical support provided by United Nations agencies to nationally executed projects;

(c) Implementation and AOS support provided by agencies to nationally executed projects;

(d) Use of external implementing agents, including non-governmental organizations (NGOs);

(e) Growth in national capacity for execution;

(f) Volume, type and nature of UNDP field office support to nationally executed projects;

(g) Exercise of financial and substantive accountability in nationally executed projects;

(h) Approvals of AOS by cluster and agency, including OPS;

(i) Total cost to agencies of AOS by cluster;

(j) Use of savings from IPF sub-line resources for capacity-building.

Category II: Technical support services

At the programme level:

(a) TSS-1 approvals by sector, agency, country and type of service (sector analyses, direct policy advice, country programme reviews and thematic evaluations);

(b) Level of technical support provided from other UNDP sources, including IPF;

(c) Level of technical support provided at the country level from agency sources, including the agency regular programmes by country, type of service and sector and subsector;

(d) Cost per work month (professional and general support) charged to UNDP sources and subsidies, if any, provided from other sources.

At the project level:

(e) TSS-2 approvals by agency and country/programme;

(f) Volume of technical support funded from other UNDP sources, including the PDF, the IPF and other SPR subprogrammes;

(g) Level of technical support provided by agencies funded by sources other than UNDP;

(h) Volume of support provided at various stages of the project cycle (formulation, appraisal, backstopping, and evaluation);

(i) Cost per work month of technical services (professional and general support) charged to UNDP sources and subsidies, if any, provided from agency sources.

Other:

(a) Staffing and organizational changes in agencies made to reflect adjustment in technical focus;

(b) Use of agency technical staff to provide services versus consultants recruited from external sources.